

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00

CIAE-00 DODE-00 PM-03 H-01 INR-05 L-02 NSAE-00 NSC-05

PA-01 RSC-01 PRS-01 SP-02 SS-15 CAB-02 COME-00

DOT-00 FAA-00 SAB-01 /053 W
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FM AMEMBASSY PANAMA

TO SECSTATE WASHDC NIACT IMMEDIATE 2404

C O N F I D E N T I A L PANAMA 6775

FOR EB/AN COBB

EO 11652: GDS

TAGS: EAIR, PN

SUBJ: CIVAIR CONSULTATIONS WITH PANAMA

REF: PANAMA 6764

1. AT MEETING MORNING NOVEMBER 26, USDEL SUGGESTED ALTERNATIVE FORMULA ON OWNERSHIP AND CONTROL, NAMELY THAT, IF A PANAMANIAN AIRLINE WERE DESIGNATED WHICH WAS NOT WHOLLY OWNED AND CONTROLLED BY PANAMANIAN, LOS ANGELES RIGHTS COULD BE EXERCISED ONLY AFTER GOP PRESENTED A SATISFACTORY PLAN FOR PHASING OUT OF NON-PANAMANIAN OWNERSHIP AND CONTROL. PANDEL RESPONDED THAT IT WAS FIRST NECESSARY TO SETTLE QUESTION OF INTERMEDIATE POINTS AND THAT FIRM GOP POSITION WAS THAT SUCH POINTS, PRINCIPALLY MEXICO CITY, MUST BE INCLUDED. USDEL SAID IT NOT AUTHORIZED AGREE TO THIS AND DID NOT BELIEVE ITS INSTRUCTIONS WOULD BE CHANGED. IT OFFERED HOWEVER TO HAVE MATTER REVIEWED. PANDEL AGREE TO SHORT RECESS BUT IT SAID THAT IT WOULD NOT BE ACCEPTABLE TO POSPONE TALKS UNTIL A LATER DATE. NEXT MEETING SCHEDULED 10 A.M. NOVEMBER 27.

2. MUAT DINNER PARTY MONDAY EVENING, STYLES AND VICE MINISTER
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OZORES DISCUSSED ISSUES PRIVATELY. OZORES SAID TORRIJOS WAS

UNHAPPY WITH IBERIA PRESENCE IN AIR PANAMA AND THAT THERE WAS AN EVENTUAL GOAL OF AMALGAMATING COPA AND AIR PANAMA INTO AN AIRLINE IN WHICH GOP MIGHT HAVE 49 PERCENT EQUIPTY WITH REMAINDER IN PRIVATE PANAMANIAN HANDS. HE ALSO SAID THAT SPANISH HAD REQUESTED TALKS NEXT WEEK AND THAT THEY MIGHT WANT TO WITHDRAW SPANISH SUPPORT FROM AIR PANAMA. HOWEVER, WHEN STYLES NOTED THESE POSSIBILITIES SHOULD MAKE US PROPOSAL ON OWNERSHIP AND CONTROL ACCEPTABLE, OZORES SAID THAT THERE WERE NO CONCRETE PLANS YET FOR DIVESTITURE OF IBERIA'S PRESENCE AND THAT AIR PANAMA NEEDED LOS ANGELES ROUTE NOW WITH INTERMEDIATES.

3. WE ARE NOT CERTAIN WHAT GOP MOTIVATIONS ARE. IT IS POSSIBLE THAT GOP WANTS LOS ANGELES IN HAND IN ORDER PERSUADE SPANISH CONTINUE SUPPORT AIR PANAMA UNTIL LONG-TERM PLANS FOR DIVESTITURE CAN BE MADE. IF IT KNOWS IT CANNOT GET M S ANGELES ON SATISFACTORY BASIS (I.E. WITH INTERMADIATES AND WITHOUT CONDITIONS ON OWNERSHIP AND CONTROL), GOP MAY IN FACT PREFER HAVE NO AGREEMENT THIS WEEK RATHER THAN ONE WHICH WILL GIVE SPANISH PROBLEMS. WE WILL TRY INFORMALLY TO PROBE ON THESE QUESTIONS BEFORE MEETING ON WEDNESDAY.

4. USDEL AND EMBASSY BELIEVE IT IS IMPORTANT IN ANY EVENT TO CONTINUE TO ATTEMPT TO SHOW PROGRESS. USDEL RECOMMENDS WE OFFER INCLUDE MEXICO CITY AND GUATEMALA IN ROUTE, WITHOUT TRAFFIC RIGHTS BETWEEN THESE POINTS AND LOS ANGELES. BRANIFF HAS NO OBJECTION. PANAM REP CHECKING WITH HIS HEAD OFFICE. REQUEST AUTHORITY MAKE THIS OFFER FOR RECEIPT BY 9:30 A.M. WEDNESDAY IF POSSIBLE.

5. INSTRUCTIONS ALSO PERMIT US TO OFFER CENTRAL AMERICAN POINTS, EXCEPT GUATEMALA, WITH TRAFFIC RIGHTS, BUT WE WOULD DO THIS ONLY IF IT MIGHT BREAK DEADLOCK.
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